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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 003005

SIPDIS

E.O. 12958: DECL: 10/30/2019
TAGS: [PGOV](#) [ECON](#) [EINV](#) [ETRD](#) [PREL](#) [CH](#) [IN](#)
SUBJECT: PRC/INDIA: CORDIAL HIGH-LEVEL TALKS VEIL
INTRACTABLE BORDER DISPUTE

REF: BEIJING 01989

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Classified By: Acting Economic Minister Counselor Robert Forden. Reasons 1.4 (b, d)

11. (C) Summary: Contrary to recent media reports, the October 24 meeting between Indian PM Manmohan Singh and PRC Premier Wen Jiabao on the sidelines of the East Asian Summit were cordial and addressed the ongoing bilateral border dispute without acrimony, according to an Indian diplomat who attended the talks. In a separate meeting, PM Singh affirmed to Premier Wen that the Dalai Lama was welcome to visit Arunachal Pradesh. An MFA official reported that the two leaders underscored that India and China did not regard each other as a threat. PRC scholars assessed that growing nationalism in China and India complicated the two governments' efforts to resolve their long-standing border dispute. The scholars suggested that a U.S.-China-India trilateral dialogue was possible but should start as a Track 2 dialogue among scholars from the three countries, with the China-India-Russia trilateral as a possible model. They predicted that bilateral investment would continue to grow, as would Chinese complaints about Indian restrictions on Chinese investment in certain sectors.

Cordial Wen-Singh Meeting on Margins of East Asia Summit

12. (C) An Indian Embassy official (strictly protect) told PolOff October 29 that, contrary to negative media reports, the October 24 meeting between Premier Wen Jiabao and PM Manmohan Singh on the margins of the East Asia Summit in Hua Hin, Thailand, had been cordial and productive. (Our contact served as Singh's Chinese-language interpreter at the meeting.) Having met six times, Wen and Singh have a friendly rapport, according to the Indian diplomat. The meeting, originally scheduled for 45 minutes, went an extra 30 minutes and covered a broad range of bilateral and multi-lateral topics. MFA Asian Affairs Department, India, Nepal, Sri Lanka and Bhutan Division Director Wang Jingfeng told PolOff on October 30 that the two leaders confirmed at the meeting that China and India did not regard each other as a threat, but rather sought good-neighborly relations and welcomed each other's progress.

Border Talks Discussed With No Tension

13. (C) Our Indian Embassy contact reported that Singh and Wen had repeated set-piece statements on solving the border issue through consultation and dialogue, adding that discussion took place without acrimony or tension. Both sides expressed satisfaction with recent high-level visits and exchanges, though no leadership-level visits were planned for the near future. In addition, India was pleased with implementation of an MOU on water resource use whereby Chinese authorities regularly consult with Indian counterparts on upstream flooding conditions of rivers in China that flow into India. While the two leaders affirmed a desire to cooperate on multi-lateral issues, our Indian Embassy contact made no mention of UNSC reform issues. The two sides also agreed that the joint Sino-Indian military exercises had had a beneficial effect on the mil-mil relationship and should continue, according to our contact.

Singh Affirms Dalai Lama Welcome in Arunachal Pradesh

14. (C) In a separate meeting, Singh had told Wen that the Dalai Lama was welcome to visit Arunachal Pradesh, but that India would not allow the Dalai Lama or Tibetans in India to undertake political activities. Our Indian Embassy contact stated he did not know how Wen responded.

Nationalism and Public Opinion Complicate Border Issue

15. (C) China and India had reached a basic consensus to avoid confrontation but faced the dilemma of nationalistic populations and press that played up the border dispute, according to Ministry of State Security-affiliated China Institutes of Contemporary International Relations (CICIR)

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South Asia scholar Li Li. She said that resolving the border issue would take many more years of negotiations because public opinion made it difficult for either government to make concessions. CICIR scholar Ma Jiali compared China's long-standing border disputes with India and Russia, arguing that the latter had been eventually resolved because generally friendly relations between Russia and China allowed both governments to make concessions. Ma predicted that high-level visits between Chinese and Indian leaders would keep the relationship on track and prevent border tensions from escalating.

U.S.-China-India Trilat?

16. (C) A U.S.-China-India trilateral dialogue was possible but should start as a Track 2 dialogue among scholars from the three countries, CICIR scholar Ma Jiali suggested in an October 22 meeting. He pointed to the China-India-Russia trilateral as a possible model, noting that he and a small group of scholars from the three countries started a Track 2 dialogue in 2001 and passed on suggestions to their respective governments after their annual meetings. The dialogue paved the way for an annual trilateral dialogue among foreign ministers, the most recent of which was held in Bangalore October 26-27. Ma said a dialogue among the United States, China and India could cover a wide range of issues, including counterterrorism, regional stability, energy and sea lane security.

Complaints about Indian Investment Restrictions

17. (C) Ma complained that some Indian ministries opposed Chinese investment in certain sectors based on "so-called" security concerns, citing the Indian Internal Affairs Ministry's rejection of a Shenzhen-based company's bid to supply boarding bridges to Indian airports on national security grounds. In spite of Indian "sensitivities" about Chinese investment, Ma predicted that bilateral investment

would continue to grow as Chinese and Indian companies looked for opportunities to expand into each other's enormous markets.

HUNTSMAN